

BALTIMORE METROPOLITAN COUNCIL, INC.

**Single Audit Report Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2010



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JUNE 30, 2010

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Baltimore Metropolitan Council, Inc.

We have audited the statement of net assets of the Baltimore Metropolitan Council, Inc. (BMC) as of June 30, 2010, and the related statements of activities and change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of BMC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baltimore Metropolitan Council, Inc. as of June 30, 2010, and the respective changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2010, on our consideration of BMC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hunt Valley, Maryland
October 8, 2010

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Baltimore Metropolitan Council, Inc.

We have audited the financial statements of Baltimore Metropolitan Council, Inc. (BMC) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BMC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BMC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of BMC's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether BMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SB & Company, LLC

Hunt Valley, Maryland
October 8, 2010



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Baltimore Metropolitan Council, Inc.

Compliance

We have audited the compliance of Baltimore Metropolitan Council, Inc. (BMC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. BMC's major Federal programs are identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of BMC's management. Our responsibility is to express an opinion on BMC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about BMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of BMC's compliance with those requirements.

In our opinion, BMC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.



Internal Control over Compliance

The management of BMC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered BMC's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BMC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

Our audit was performed for the purpose of forming an opinion on the basic financial statements of BMC taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SB & Company, LLC

Hunt Valley, Maryland
October 8, 2010

BALTIMORE METROPOLITAN COUNCIL, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number/Pass-Through Entity Identifying Number	Federal Expenditures
<u>Major Program</u>		
Federal Highway Administration Passed through Maryland Department of Transportation: Unified Transportation Planning Program	20.205	\$ 3,423,297
Federal Transit Administration Passed through Maryland Department of Transportation: Unified Transportation Planning Program	20.205	<u>1,217,424</u>
		<u>4,640,721</u>
<u>Other Financial Assistance</u>		
Federal Transit Administration – Formula Grants Passed through Maryland Transit Administration: Urban Mass Transportation Capital and Operating Assistance (Ride Share)	20.507	134,196
U.S. Department of Homeland Security Passed through Maryland Emergency Management Agency: 2008 Homeland Security Grant Program	97.008	85,864
Urban Area Security Initiative	2009-SS-T9-0080	<u>51,472</u>
Total U.S. Department of Homeland Security		<u>137,336</u>
Total Federal Expenditures		<u><u>\$ 4,912,253</u></u>

BALTIMORE METROPOLITAN COUNCIL, INC.

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

1. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All Federal grant operations of Baltimore Metropolitan Council, Inc. (BMC) are included in the scope of the Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133, Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. The programs on the Schedule of Expenditures of Federal Awards represent all Federal award programs and other grants with fiscal year 2010 cash or non-cash expenditures. For our single audit testing, we tested Federal award programs with fiscal year 2010 cash and non-cash expenditures in excess of \$300,000 to ensure coverage of at least 25% of Federally granted funds. Our actual coverage was 94%.

<u>Major Federal Award Program Description</u>	<u>CFDA No.</u>	<u>Federal Expenditures</u>
Federal Highway Administration: Unified Transportation Planning Program	20.205	\$ 3,423,297
Federal Transit Administration: Unified Transportation Planning Program	20.205	<u>1,217,424</u>
		<u>\$ 4,640,721</u>

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

BALTIMORE METROPOLITAN COUNCIL, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Section I - Summary of Independent Public Accountant's Results

Financial Statements

Type of Independent Public Accountants' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to the financial statements noted?	None

Federal Awards

Type of Independent Public Accountants' report issued on compliance for major programs:	Unqualified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of Major Programs:

Major Program	CFDA Numbers	Federal Expenditures
Federal Highway Administration Unified Transportation Planning Program	20.205	\$ 3,423,297
Federal Transit Administration Unified Transportation Planning Program	20.205	1,217,424
Threshold for distinguishing between Type A and B programs:		300,000
Did BMC qualify as a low risk auditee?		Yes

BALTIMORE METROPOLITAN COUNCIL, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings

None noted

BALTIMORE METROPOLITAN COUNCIL, INC.

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2010**

There were no findings in the prior year.